

1 BEFORE THE
2 ILLINOIS COMMERCE COMMISSION
3 IN THE MATTER OF:)
4 SNAPPY PHONE of TEXAS, Inc.)
5 Application for a certificate of) No. 01-0564
6 local exchange authority to operate)
7 as a reseller of telecommunications)
8 services in the State of Illinois.)
9)

10 Chicago, Illinois
11 January 17, 2002

12 Met, pursuant to notice.

13 BEFORE:

14 Ms. Deborah King, Administrative Law Judge.

15 APPEARANCES:

16 MS. BOBBI FERGUSON
17 16061 Carnel Bay Drive
18 North Port, Alabama 35475
19 for Snappy Phone of Texas, Inc.;

20 MS. BARB LANKFORD
21 527 East Capitol Avenue
22 Springfield, Illinois 62794
for staff;
(telephonically)

MS. KAREN BUCKLEY
527 East Capitol
Springfield, Illinois 62794
for staff.

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<u>Witnesses:</u>	<u>Direct</u>	<u>Cross</u>	<u>Re-</u> <u>direct</u>	<u>Re-</u> <u>cross</u>	<u>By</u> <u>Examiner</u>
ART MaGEE		11 14			8

<u>APPLICANT'S</u>	<u>E X H I B I T S</u> <u>For Identification</u>	<u>In Evidence</u>
No. 1	5	9
No. 2	5	10
No. 3	6	10
No. 4	6	10
No. 5	6	10

1 JUDGE KING: Pursuant to the authority of the
2 Illinois Commerce Commission, I now call Docket
3 No. 01-0564.

4 This is the application of Snappy Phone of
5 Texas, Inc., for a certificate of local exchange
6 authority.

7 May I have the appearances for the record.

8 MS. FERGUSON: Bobbi Ferguson, Visiology, Inc.,
9 16061 Carnel, C-a-r-n-e-l, Bay Drive, North Port,
10 Alabama 35475. Telephone number (205) 330-1703,
11 consultant for Snappy Phone of Texas, Inc.

12 MR. JERRY BLACK: Jerry Black, Snappy Phone of
13 Texas, Inc., and president of the company. The
14 address is 6901 West 70th Street Shreveport,
15 Louisiana 77129; and our number is (318) 671-5000.

16 MR. ART MAGEE: May name is Art Magee. I'm the
17 secretary of the corporation of Snappy Phone of
18 Texas, Inc. The address 6901 West 70th Street
19 Shreveport, Louisiana 71129. Area code is
20 (318) 671-5000.

21 JUDGE KING: All right. And staff?

22 MS. LANKFORD: This is Barb Lankford, consumer

1 services division, Illinois Commerce Commission, 527
2 East Capitol Avenue, Springfield, Illinois.

3 MS. BUCKLEY: This is Karen Buckley at re
4 division of telecommunications, 527 East Capitol,
5 Springfield.

6 JUDGE KING: All right. We are here today for
7 the evidentiary hearing.

8 If I could have my three witnesses to raise
9 their right hands.

10 (Witnesses sworn.)

11 JUDGE KING: We can proceed with the company's
12 case.

13 MS. FERGUSON: This is Bobbi Ferguson and first
14 I'd like to list the supplemental information or
15 errata information that was filed in this docket and
16 requested that it be admitted.

17 JUDGE KING: All right.

18 MS. FERGUSON: On 8/30, we have the prefiled
19 direct testimony of Jerry W. Black.

20 JUDGE KING: All right. I will mark and
21 identify that as Applicant's Exhibit No. 1.

22 (Whereupon, Applicant's

1 Exhibit No. 1 was marked
2 for identification.)

3 MS. FERGUSON: On October the 1st, 2001, we
4 filed errata financial information for Snappy Phone
5 and Budget Phone as Attachments F-1, I and J to the
6 application.

7 JUDGE KING: All right. I do not have that --

8 MS. FERGUSON: It was filed on proprietary
9 basis.

10 JUDGE KING: -- before me; and so what I will
11 do is I will, in fact, mark it -- get a copy of
12 that. I will mark it as confidential and afford it
13 confidential and proprietary treatment.

14 It will be marked as Applicant's No. 2.

15 (Whereupon, Applicant's
16 Exhibit No. 2 was marked
17 for identification.)

18 MS. FERGUSON: On 11/28 we filed a guaranty on
19 behalf of Snappy Phone from Budget Phone as parent
20 company.

21 JUDGE KING: I will mark that as Applicant's
22 Exhibit No. 3.

1 (Whereupon, Applicant's
2 Exhibit No. 3 was marked
3 for identification.)

4 MS. FERGUSON: And on January the 11th of 2002,
5 we filed revised responses to certain questions
6 relative to waivers contained in the application and
7 as well to attachment dates.

8 JUDGE KING: I will mark that as Applicant's
9 Exhibit 4.

10 (Whereupon, Applicant's
11 Exhibit No. 4 was marked
12 for identification.)

13 MS. FERGUSON: And then on January 15th, we
14 filed additional biographical information on two
15 management personnel with technical background.

16 JUDGE KING: And I will have that marked and
17 identified as Applicant's Exhibit 5.

18 (Whereupon, Applicant's
19 Exhibit No. 5 was marked
20 for identification.)

21 MS. FERGUSON: Also in the original
22 application, Exhibits -- let me check the exhibit

1 numbers. I believe it was F and G -- were filed
2 under -- for request for confidential treatment
3 because they contained financial information on
4 Snappy Phone as well as the chart account.

5 JUDGE KING: That was, you said, with your
6 original application?

7 MS. FERGUSON: Correct.

8 JUDGE KING: But it was filed on e-docket
9 already?

10 MS. FERGUSON: Yes. It's part of the original
11 filing.

12 JUDGE KING: Okay.

13 MS. FERGUSON: But we didn't do an e-file on
14 it, but that was what they put up on the Web; but F
15 and G were missing from the Web information.

16 JUDGE KING: Okay. I will afford it
17 confidential and proprietary treatment. There's no
18 objection -- is that it?

19 MS. FERGUSON: I have one correction to make on
20 the original application to Attachment B,
21 Appendix A, the standard questions for applicants
22 seeking local exchange service authority, which is

1 on Page 1, Question No. 9:

2 Does your company plan on filing to become an
3 eligible telecommunications carrier?

4 We had originally answered that as "no," and we
5 are now changing that answer to "possibly."

6 JUDGE KING: Okay. Is that it?

7 MS. FERGUSON: And that is it.

8 ART MaGEE,

9 having been called as a witness herein, after having
10 been first duly sworn, was examined and testified as
11 follows:

12 EXAMINATION

13 BY

14 JUDGE KING:

15 Q. Okay. Let me ask then first off, Mr. Black, I
16 have before me what I've marked and identified as
17 Applicant's Exhibit No. 1. It consists of
18 approximately 16 pages of questions and answers as
19 well as an affidavit sheet, and I would ask:

20 Were these questions and answers compiled under
21 your direction?

22 A. Yes, they were.

1 Q. And if you were asked these same questions here
2 today, would your answers be the same?

3 A. Yes, they would.

4 Q. All right. And there are no other changes that
5 you would make to this direct testimony?

6 A. No.

7 JUDGE KING: All right. Is there any objection
8 to the admission of Applicant's Exhibit 1, the
9 direct testimony of Jerry Black to the record?

10 MS. LANKFORD: No.

11 MS. FERGUSON: No.

12 MS. BUCKLEY: Not from me.

13 JUDGE KING: Hearing no objection, let the
14 record reflect that Applicant's Exhibit No. 1 is
15 hereby admitted into the record .

16 (Whereupon, Applicant's
17 Exhibit No. 1 was admitted
18 into evidence.)

19 JUDGE KING: I will then also ask that -- there
20 is a request that Applicant's Exhibits 2, 3, 4, and
21 5 be admitted into the record, with Exhibit 2 being
22 granted confidential and proprietary treatment.

1 Is there any objection to the admission of
2 Exhibits 2, 3, 4, and 5?

3 MS. BUCKLEY: No, your Honor.

4 MS. FERGUSON: No.

5 JUDGE KING: All right. Let the record reflect
6 that Applicant's Exhibits 2, 3 and 4 and 5 are
7 hereby admitted into the record.

8 (Whereupon, Applicant's
9 Exhibit Nos. 2-5 were admitted
10 into evidence.)

11 JUDGE KING: Also, there has been one change
12 that has been made in regards to Attachment B to the
13 standard questions, the original application
14 Question 9.

15 And there has also been a request for that
16 amendment to that answer as well as for confidential
17 and proprietary treatment to be afforded to
18 Attachments F and G to the original application.

19 Is there any objection to those requests?

20 MS. BUCKLEY: No, your Honor.

21 MS. FERGUSON: No.

22 JUDGE KING: Hearing no objection, let the

1 record reflect that the answers to be amended will
2 be made a part of this record as well as Attachment
3 F and G being granted confidential and proprietary
4 treatment.

5 And with that, is there any further direct
6 case? And if not, then we can proceed with any
7 cross-examination.

8 MS. FERGUSON: No, there is not.

9 JUDGE KING: Okay. The witnesses are tendered
10 for cross.

11 MS. LANKFORD: Okay. This is Barb Lankford.
12 I'll go first. I just have a few questions here.

13 CROSS-EXAMINATION

14 BY

15 MS. LANKFORD:

16 Q. Since the time of the application, are you
17 offering services in any other states other than the
18 ones that you had listed on the application?

19 A. We are offering services in Wisconsin now. We
20 have just started in the State of Wisconsin.

21 Q. Okay. Do you have pending applications in
22 other states?

1 A. Yes, ma'am. We do have a pending application
2 in Indiana.

3 Q. Okay. And are you just planning on providing
4 voice-grade service?

5 A. Yes, ma'am.

6 Q. Will your company be doing any telemarketing?

7 A. No, ma'am. We market through a network of
8 dealer agents and we do not do telemarketing.

9 Q. Okay. What are your business hours?

10 A. Normal hours are 8:00 to 5:00 Central Time.

11 Q. And what hours can your customers reach your
12 company, same time or...

13 A. Ma'am, the same time we do have an answering
14 system that will collect voice messages, and we can
15 contact them after -- when our people come in and
16 check that. And we'll take after-hours calls. It's
17 just that we don't have someone on staff at that
18 time.

19 Q. Okay. Who will the consumer services division
20 of the Illinois Commerce Commission contact for
21 complaint resolutions?

22 A. They would contact me, Art Magee.

1 Q. And I need to get your phone number and the fax
2 number, please.

3 A. Yes, ma'am. Phone number is area code
4 (318) 671-5000, and the fax number to be utilized
5 for something like that would be area code
6 (318) 671-5024.

7 Q. Okay. Also, with regard to the blocking, the
8 toll blocking, I would like to get a commitment from
9 your company that those exchanges where access to
10 911 emergency services require the customer to dial
11 a one and then the number that the company will not
12 block access to those numbers.

13 A. Our company will not block access to 911. Any
14 exchange that requires one-plus dialing for that, we
15 will allow that, certainly.

16 Q. Okay. And are you aware of the new Illinois
17 Administrative Code Part 732 in regard to customer
18 credit?

19 A. Yes, ma'am.

20 Q. Okay. I have received a sample copy of a bill
21 that you plan to provide to your Illinois customers,
22 and I understand that there will be some changes

1 made to that bill.

2 A. Yes, ma'am, there will be. Particularly, there
3 are some states that -- where we have not previously
4 accepted checks, we certainly will accept checks in
5 Illinois.

6 Q. Okay. And in those changes, will the bill that
7 you will be sending to the customer, will that be at
8 least 21 days prior to the due date?

9 A. Yes, ma'am, it will.

10 MS. LANKFORD: Okay. I believe that's all the
11 questions I have. Thank you.

12 THE WITNESS: Thank you.

13 CROSS-EXAMINATION

14 BY

15 MS. BUCKLEY:

16 Q. This is Karen Buckley. I have a question for
17 Mr. Art Magee.

18 A. Yes, ma'am.

19 Q. All right. Could you tell me your position
20 with Snappy Phone of Texas.

21 A. I'm the secretary of the corporation and the
22 comptroller of the corporation.

1 Q. Okay. And what is your position with the
2 Budget Phone?

3 A. I am vice president of that company and
4 comptroller of Budget Phone.

5 Q. Okay. Do you have accountants who work to
6 compile financial statements for you?

7 A. Yes, ma'am.

8 Q. Okay. So these financial statements aren't
9 exactly prepared by you.

10 A. Not directly, no, ma'am. We do have an
11 in-house accounting department that compiles the
12 data under my direction.

13 Q. Okay.

14 A. And we have a CPA who oversees the monthly
15 preparation.

16 Q. You are the one who signed this letter of
17 guarantee that --

18 A. Yes, ma'am.

19 Q. -- in case --

20 Okay. Where will the books be kept?

21 A. They are in our home office in Shreveport,
22 Louisiana.

1 Q. Okay. I'm going to ask a couple of the 911
2 questions.

3 A. Yes, ma'am.

4 Q. How frequently will the company be updating the
5 911 information?

6 A. 911 information is input daily to the data base
7 of the underlying ILECs.

8 Q. Okay. Is there any financial conditions varied
9 from the last financial statement you provided to
10 us, that's June 30th of 2001?

11 A. No, ma'am. We're probably in a little sounder
12 position, but everything is positive. There is no
13 negative change whatsoever.

14 MS. BUCKLEY: Okay. That's all the questions I
15 have for Mr. Magee. Thank you.

16 THE WITNESS: Thank you.

17 JUDGE KING: All right. Is there any redirect?

18 MS. FERGUSON: No, there is not.

19 JUDGE KING: Nothing further from either party?

20 MS. BUCKLEY: No.

21 MS. LANKFORD: This is Barb Lankford. I'd just
22 like to -- once you get your copy of your bill and

1 everything corrected, I would like to have a copy of
2 that bill that you plan to send to your customers.

3 THE WITNESS: I'd be glad to do that.

4 MS. LANKFORD: Okay. All right. And I'm sure
5 that Ms. Ferguson can supply me with that.

6 MS. FERGUSON: Yes. I'll be happy to do that.

7 MS. LANKFORD: Okay. Thank you. That's all.
8 I don't have anything else. Thank you.

9 JUDGE KING: If there's nothing further, then I
10 am going to bring this matter to a close. I'm going
11 to ask that the record be marked heard and taken,
12 and I will thank everyone for their participation.

13 I will get this on the next possible agenda,
14 which I'm not quite sure what that date is. I don't
15 have my calendar in front of me. I would imagine
16 since we just had one that we're talking about maybe
17 mid-February you should have your certification.

18 THE WITNESS: Thank you very much.

19 JUDGE KING: Thank you, and let me just make
20 sure. Ms. Buckley, you have Exhibit 2. So I'll
21 make a copy.

22 MS. BUCKLEY: Yes, I do.

1 JUDGE KING: And I will make sure that the
2 exhibit gets forwarded on to the Clerk's office.

3 HEARD AND TAKEN